

4/15/99

ADDENDUM TO 1997 JOINT STATEMENT ON MEASURING PROGRESS UNDER NEPPS: CLARIFYING THE USE AND APPLICABILITY OF CORE PERFORMANCE MEASURES

When EPA and States initiated the National Environmental Performance Partnership System (NEPPS), our goals were to achieve greater environmental protection, better measurement of environmental progress, and the most efficient use of public resources in achieving these goals. While States vary in the extent to which they actively participate in specific aspects of NEPPS, the basic concept of performance partnerships guides State-EPA relationships throughout the country.

The development of Core Performance Measures (CPMs) that has taken place under NEPPS auspices has been successful in focusing both EPA and State attention on improving how we measure the effectiveness of our environmental protection efforts.

In August 1997, leaders of ECOS and EPA signed a *Joint Statement on Measuring Progress under NEPPS*. The Joint Statement has served as a guidance document for use of CPMs. It also established a hierarchy of CPMs which was attached to the *Joint Statement* and is hereby reaffirmed. The purpose of this addendum is to clarify and update certain principles, guidance and time frames as originally referenced in the August 1997 Joint Statement. This Addendum accompanies a revised and updated set of Core Performance Measures. It is in effect during the life of the 1995 NEPPS Agreement unless otherwise amended.

This addendum addresses and clarifies four key issues. These issues generally relate to the implementation and use of Core Performance Measures, Associated Reporting Requirements, and Accountability Measures (hereafter referred to as CPMs). The clarifications presented below constitute official amendments to the Joint Statement.

Core Performance Measures: What Are They?

CPMs are a limited set of national measures, designed to help gauge progress towards protection of the environment and public health. They include a mix of three types of measures (as arrayed in the CPM hierarchy) needed to understand environmental programs and their effectiveness: (1) environmental indicators (high level trends describing environmental and public health conditions), (2) program outcomes (measures of program influence or effect), and (3) program outputs (measures of program activities). CPMs, based on data collected and reported primarily by States, serve the NEPPS objective of 'managing for environmental results' by:

- driving a system of measurement based on performance (with an emphasis on shifting "up the hierarchy" described above, to more meaningful reporting of environmental results);
- providing States and the Nation as a whole with the information and tools to increase accountability and make policy, resource or other changes to support improvements in environmental conditions; and

- providing a benchmark upon which States and EPA can focus efforts to reduce high cost/low value reporting for public and private entities.

In addition to using CPMs to help paint a national picture of environmental progress, States may wish to use additional indicators and measures to reflect progress toward State-specific goals and objectives. The Performance Partnership Agreements (PPAs) negotiated between EPA and States under NEPPS reflect both State and Federal priorities, and, in addition to CPMs, may include State-specific environmental goals, objectives, indicators, and performance measures.

Together, EPA and ECOS have led, with participation by a number of other state organizations, the development of enhanced FY2000 CPMs for water, air, and waste management and remediation; as well as Accountability Measures for enforcement and compliance. In addition, work continues on developing CPMs for pollution prevention, pesticides, and lead for use in the future. Most of the current CPMs rely on data the states already collect and report. Over time, EPA and States will refine and improve the CPMs to enhance their ability to measure the responses of industry and the public to EPA and State programs, and the resulting changes in the environment. A few of the existing CPMs represent such an improvement, and may require new data and reporting.

Continued joint effort will be needed to bring these measures increasingly closer to an accurate and useful reflection of the most important environmental and program outcomes. EPA and States need to continue to ask such questions as:

- Are we focusing on the most important outcomes?
- Do we have the data we need to inform the American people on the progress and status of our work?
- Are we measuring cross-program outcomes in a way that encourages more efficient and effective collaboration among different environmental programs?
- How can we accelerate the pace of the transition to a results-based performance measurement system which emphasizes use of outcomes versus outputs?
- How can States and EPA continue to advance efforts to minimize high cost/low value reporting?

As this work progresses, EPA and State work groups will continue to consult with the officials who implement the various programs covered by these measures, a range of experts on data and measurement, and the many stakeholder groups who constitute an important audience for Core Performance Measures. Many refinements will undoubtedly be needed as these measures come into use over a period of time. Up to this point, our initial efforts in improving environmental measurement systems have focused on the relationships between States and EPA. We now need to expand outreach efforts to include our many stakeholders as we continue to improve measurement systems over time.

Issue 1: Uses and Audiences for Core Performance Measures

One of the primary purposes of CPMs is to help “paint a national picture” of the nation’s progress

in protecting public health and the environment. This picture reflects the progress and accomplishments achieved by EPA, the States, and others working together. This national picture is intended to inform Congress, the public, stakeholders and environmental managers of trends and environmental progress across the nation and in individual states; and to give them the tools to increase accountability and make (or influence) policy, resource and other decisions. In addition to informing a national audience, many states plan to use the measures to communicate environmental and program progress to state legislatures and residents.

CPMs are also intended to help shape EPA and State management decisions by providing environmental program managers with information on environmental conditions and trends, important program outcomes, and key program activities. EPA and States will strive to reduce the number of core program output measures in favor of outcome measures and environmental indicators. CPMs do *not* attempt to capture the full range of information needed to manage environmental programs at the national, regional or state level; environmental managers at all levels will, in most cases, need additional information to guide program management decisions. As stated in the *Joint Statement*, "...information about activities (e.g., permitting) is routinely reported each year and maintained in national data bases which we recognize must be maintained through existing comprehensive data systems." CPMs are not intended to be used to rank states against each other.

They will be used to analyze and describe important environmental and programmatic trends among states. CPMs should be carefully used in a way that recognizes the context and quality of the information upon which they are based.

Any reports that use CPMs should emphasize that the results reflect the achievements of States and EPA working together. Performance results for CPMs may provide Congress and others with a gauge of the success of important components of the Nation's environmental programs in which the states and EPA play a major role. States are not directly responsible for fulfilling EPA's Government Performance and Results Act (GPRA) reporting requirements to Congress, but CPMs may represent a subset of the Agency's performance measures under GPRA. EPA intends that the information needed to report CPMs and other key reporting requirements described herein will satisfy any reporting EPA needs from States to meet EPA's GPRA reporting responsibilities.

Issue 2: Applicability of Core Performance Measures

States and EPA have identified CPMs as part of the overall NEPPS process for reinventing the State/EPA partnership. As a result of the NEPPS Agreement, States are active participants in the development of the CPMs and of the "national picture" that CPMs paint. CPMs as such only apply to States participating in NEPPS; States not participating in NEPPS will continue to provide key information needed by EPA through State/EPA Agreements, grant work plans, or other operating agreements. States participating in NEPPS are presumed to incorporate all CPMs in their Performance Partnership Agreements with EPA, subject to the conditions described in Issue #3 below. Non-NEPPS states may voluntarily choose to utilize CPMs to track environmental progress.

The great majority of data points needed for the CPMs jointly approved in April 1999 are already being reported by all states through national data systems (such as RCRIS and SDWIS) or other

established mechanisms. This reporting should continue by NEPPS and non-NEPPS states alike unless otherwise agreed by States and EPA.

Where CPMs involve data States are already reporting to EPA, EPA's expectation is that such data will suffice to report the CPM, i.e., no duplicate reporting is expected. We recognize that CPMs that require new data may take a year or more to implement. If a CPM requires new data, EPA will work with States (individually or collectively) to develop a plan to obtain the necessary data. This plan should articulate ways to manage, schedule, and finance any new data collection and reporting requirements. All States and Regions are encouraged to be flexible and creative in finding means to collect the needed data and report on these measures.

Issue 3: Flexibility in Using Core Performance Measures

One of the most challenging aspects of implementing CPMs is balancing the need for consistent information with the need to accommodate the circumstances of individual States. As per the August 1997 Joint Statement, it is presumed that states participating in NEPPS will use the CPMs. If a particular CPM does not fit a State's or Region's situation, that measure may be modified, substituted, or eliminated in any given year, as agreed to by both the State and EPA. Good judgment and common sense should guide the determination to modify or eliminate a CPM under the circumstances described below. The State and EPA may jointly agree to deviate from particular CPMs where:

1. The CPM does not apply to a State's or Region's physical setting or environmental condition (e.g. ocean beach closures in a land-locked state).
2. The state does not have authority for the program to which the CPM applies (e.g., EPA still has primacy for the program).
3. Data for the CPM are not available or alternative data are more relevant in painting a picture of environmental progress (e.g., a state-based environmental data and/or performance management system provides a better description of environmental performance than the CPM). If data are unavailable, EPA and the State may agree upon a plan to develop the necessary data.
4. The State and EPA agree that the CPM or the work associated with it are not a high priority in the state (e.g. use of available resources to work on other activities is a higher priority in that state). In this case, the level of effort devoted to reporting that CPM should be negotiated as part of the NEPPS process.

The States and EPA also affirm joint efforts to continue pursuing innovative environmental projects and measurement systems that may improve the effectiveness of current and future CPMs.

Issue 4: The Role of CPMs in Improving the Value/Reducing the Cost of Environmental Information (Burden Reduction)

While the primary purpose of CPMs is better environmental information to support improved environmental management, the August, 1997 *Joint Statement* also contains a clear commitment to reducing the reporting of those outputs that are lower priority. It states: "We are committed to working together to reduce the overall reporting burden placed on states, especially that created by reporting on outputs... Over time, we hope to reduce unnecessary reporting and activity counting and streamline necessary reporting so that our time is spent sharing information on the nation's environmental and pollution problems."

Burden reduction is critical to maintaining and hopefully increasing the resources available for environmental protection. Both EPA and ECOS remain firmly committed to reducing high cost/low value reporting requirements on states and others and wish to accelerate progress toward this end. The Joint State/EPA Information Management Work Group has begun work on this charge. The Work Group has proposed an approach for assessing environmental information, including data reporting requirements, through an examination of the *value* of information (in understanding and making decisions to protect human health and the environment), as compared to its *cost* (including the work involved by all parties in data collection, management and reporting). The following direction is hereby provided to help guide and accelerate this process:

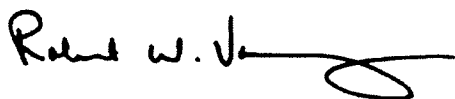
- Application of the cost/value approach to examining burden reduction opportunities is hereby endorsed, and the Joint Work Group should continue to develop proposals to implement this approach. EPA and States need to work together to ensure that the reporting of CPM data is efficient and improvements in data collection and reporting are made where possible.
- CPMs serve to frame discussions of what reporting meets the value/cost test, by spelling out what information EPA and States jointly believe to be highest priority. Information not necessary to support CPMs then becomes subject to review according to value/cost criteria, and is a candidate for burden reduction. Together, EPA and States (as well as other suppliers and users of environmental information) will work to ensure that they collect and share information that has "specific and demonstrable uses," as outlined in the *State/EPA Vision and Operating Principles for Environmental Information Management*. The Joint Work Group should, in coordination with EPA and ECOS CPM Work Groups, expeditiously design a process for accomplishing this review and identifying opportunities for burden reduction.
- A State/Regional dialogue provides the best entry point for investigating what information -- especially information beyond that required to report on CPMs -- is needed for States and EPA to do their respective jobs. EPA and States need to create an atmosphere that promotes working together to explore possibilities for reducing high cost/low value reporting, and that encourages States and EPA Regions to test and apply specific initiatives to reduce high cost/low value reporting through their PPAs at the earliest possible time. EPA Regions should consult EPA national program offices prior to implementing any initiatives that change national reporting

requirements. EPA and ECOS support the establishment of a clearinghouse of successful initiatives and pilot projects in specific States and Regions to improve the value and reduce the cost of information.

Extension of Joint Statement

The *Joint Statement on Measuring Progress Under NEPPS*, signed in August 1997, applied to FY98 and FY99. It is hereby extended to apply for FY 2000 and beyond, during the life of the 1995 NEPPS Agreement, subject to the amendments and clarifications contained in this Joint Statement Addendum. Specific references in the original Joint Statement to CPMs for FY 98 or FY 99 are also amended to apply for FY 2000, and beyond, as applicable.

This Addendum is effective as of the date of signature.

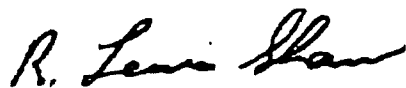


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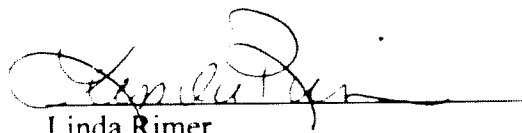
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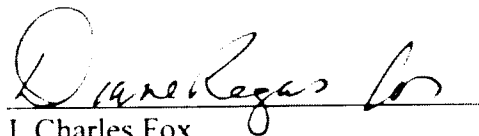
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